

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMERS RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	
FOR AN ORDER AUTHORIZING AN)	CASE NO. 9921
ADDITIONAL LARGE POWER RATE TARIFF)	

O R D E R

On May 15, 1986, East Kentucky Power Cooperative, Inc., ("EKPC") filed two optional schedules to its wholesale tariff, Schedule B and Schedule C, in Case No. 9582, The Notice of East Kentucky Power Cooperative, Inc., of a Revision to Its Wholesale Electric Power Tariff. On September 19, 1986, EKPC filed a motion to withdraw the proposed Schedule B and modify Schedule C. On October 16, 1986, the Commission ordered that the amended Schedule C was reasonable and just and was accepted. In the October 16, 1986, Order, the Commission stated that:

Of the three distribution Cooperatives which have already filed retail tariffs to pass through EKPC's wholesale rates, two have followed EKPC's advice and one has not. The one which has not followed the advice instead proposed a retail tariff so as to maintain a neutral effect on its net income. Thus, the Cooperative is not adversely affected by this proposal. The Commission prefers this methodology which maintains the same net income for member Cooperatives.

On April 21, 1987, Farmers Rural Electric Cooperative Corporation ("Farmers") filed its application to establish an additional Large Power Rate Tariff Schedule E for qualifying consumers. The purpose of the proposed new tariff is to provide

equitable rates for prospective future industrial customers locating within Farmers' service area and to provide a degree of uniformity of industrial rates within the 18-member EKPC service area. The proposed retail rate has been developed based upon wholesale rates that have been filed with the Commission by EKPC in Case No. 9582. Currently, none of EKPC's existing customers would qualify for the proposed new rate schedule. Schedule E is available to contracts with monthly demand of 1,000 to 4,999 KW. Schedule E rates track EKPC's wholesale rate Schedule A rates with a \$535 per month customer charge and an 8 mill adder to the energy charge.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) Farmers has no existing customers that qualify for proposed Schedule E. These schedules pass through EKPC's wholesale rate Schedule C. The proposed schedule is reasonable and just and should be accepted.

(2) In the October 16, 1986, Order in Case No. 9582, the Commission stated its belief that acceptance of EKPC's Wholesale Rate C was a departure from the Commission's traditional rate-making objectives. Therefore, in that Order, EKPC was required to file with the Commission in October 1987 a report which provides an update on the implementation of Schedule C. Thus, Farmers should provide in October 1987 a report to the Commission which lists the customers served through Schedule E,

identifies whether they are existing, expanding or new customers, states the associated load of these customers and estimates the effect on Farmers' revenue and net income.

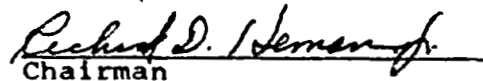
IT IS THEREFORE ORDERED that:

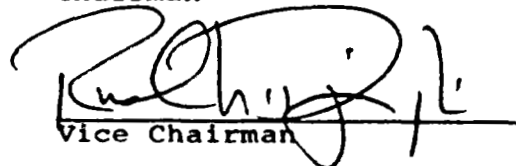
(1) Farmers' Rate Schedule E has been found to be reasonable and just and is accepted. Farmers shall file with the Commission a signed copy of Schedule E within 20 days of the date of this Order.

(2) Farmers shall file with the Commission in October 1987 a report which provides an update on the implementation of Schedule E.

Done at Frankfort, Kentucky, this 20th day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director